

HOUSE BILL NO. 169

INTRODUCED BY A. WITTICH

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF INDIVIDUAL INCOME; CREATING A TAX CREDIT FOR RESIDENTIAL PROPERTY TAXES PAID FOR TAX YEAR 2016; DECREASING INDIVIDUAL INCOME TAXES LEVIED BY 5% FOR TAX YEAR 2016; AMENDING SECTION 15-30-2103, MCA; AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Tax credit for residential property taxes.** (1) There is allowed a \$100 credit against the taxes imposed by 15-30-2103 for taxes imposed and paid on a property taxpayer's class four residential dwelling under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land as is reasonably necessary for its use as a dwelling and that is occupied by the owner for at least 7 months during the year.

(2) If the credit allowed under this section is claimed, the amount of any deduction or credit allowed or allowable under this chapter for the amount that qualifies for this credit or upon which this credit is based must be reduced by the dollar amount of the credit allowed in this section. The election to claim a credit allowed under this section must be made at the time of filing the tax return.

(3) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the amount of the credit.

Section 2. Section 15-30-2103, MCA, is amended to read:

"15-30-2103. Rate of tax. (1) ~~There~~ Subject to subsection (3), there must be levied, collected, and paid for each tax year upon the taxable income of each taxpayer subject to this tax, after making allowance for exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income as follows:

- (a) on the first \$2,300 of taxable income or any part of that income, 1%;
- (b) on the next \$1,800 of taxable income or any part of that income, 2%;
- (c) on the next \$2,100 of taxable income or any part of that income, 3%;
- (d) on the next \$2,200 of taxable income or any part of that income, 4%;



1 (e) on the next \$2,400 of taxable income or any part of that income, 5%;

2 (f) on the next \$3,100 of taxable income or any part of that income, 6%;

3 (g) on any taxable income in excess of \$13,900 or any part of that income, 6.9%.

4 (2) By November 1 of each year, the department shall multiply the bracket amount contained in
5 subsection (1) by the inflation factor for that tax year and round the cumulative brackets to the nearest \$100. The
6 resulting adjusted brackets are effective for that tax year and must be used as the basis for imposition of the tax
7 in subsection (1) of this section.

8 (3) For the tax year ending December 31, 2016, the amount of tax levied, collected, and paid for each
9 taxpayer is equal to the amount of tax calculated on the brackets of taxable income in subsection (1) multiplied
10 by a tax relief discount factor of 0.95."

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12 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
13 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
14 1].

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16 NEW SECTION. Section 4. Applicability. [This act] applies to the tax year beginning after December
17 31, 2015.

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19 NEW SECTION. Section 5. Termination. [This act] terminates December 31, 2016.

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